MONTANA LEGISLATIVE HISTORY

Chapter 439 1985

Bill H 26 S _____ Original bill & history ✓ C

H. Committee on Taxation			S. Committee on Taxation		
Hearing Date(s)	_____	___C	Hearing Date(s)	_____	___C
	1/24	✓C		3/7	___C
	_____	___C		_____	___C
	1/28	✓C		3/19	___C
Date Out	1/29	✓C			

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

	TRANSMITTED TO SENATE		
1/24	REFERRED TO HIGHWAYS & TRANSPORTATION		
2/07	HEARING		
2/08	COMMITTEE REPORT-BILL CONCURRED		
2/11	2ND READING CONCURRED	40	6
2/13	ON MOTION TAKEN FROM 3RD READING; PLACED ON 2ND READING		
2/19	2ND READING CONCURRED	45	0
2/21	3RD READING CONCURRED	47	2
	RETURNED TO HOUSE		
2/23	SIGNED BY SPEAKER		
2/25	SIGNED BY PRESIDENT		
2/25	TRANSMITTED TO GOVERNOR		
2/28	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 46 EFFECTIVE DATE: 10/01/85		

HB 24 INTRODUCED BY KOEHNKE, LANE, GRADY, ET AL.
EXEMPTS SEWAGE AND WATER SYSTEMS OF RESIDENTIAL DWELLINGS FROM TAXATION

1/07	INTRODUCED		
1/07	REFERRED TO TAXATION		
1/07	FISCAL NOTE REQUESTED		
1/12	FISCAL NOTE RECEIVED		
1/14	HEARING		
	DIED IN COMMITTEE		

HB 25 INTRODUCED BY RAMIREZ, TOWE, KEENAN, ET AL.
EXEMPTING CHURCH-OWNED PASSENGER VEHICLES FROM TAXATION
BY REQUEST OF REVENUE OVERSIGHT COMMITTEE

1/07	INTRODUCED		
1/07	REFERRED TO TAXATION		
1/07	FISCAL NOTE REQUESTED		
1/12	FISCAL NOTE RECEIVED		
1/17	HEARING		
1/17	COMMITTEE REPORT-BILL PASS AS AMENDED		
1/19	2ND READING PASS	47	43
1/21	3RD READING DO NOT PASS	34	65
1/21	BILL KILLED		

HB 26 INTRODUCED BY SWITZER
ALLOWING PROPERTY TAX BENEFITS FOR RECONSTRUCTION OR EXPANSION OF BUILDINGS
BY REQUEST OF REVENUE OVERSIGHT COMMITTEE

1/07	INTRODUCED		
1/07	REFERRED TO TAXATION		
1/07	FISCAL NOTE REQUESTED		
1/12	FISCAL NOTE RECEIVED		
1/24	HEARING		
1/29	COMMITTEE REPORT-BILL PASS AS AMENDED		
2/01	2ND READING PASS AS AMENDED	91	6
2/04	3RD READING PASS	94	6
	TRANSMITTED TO SENATE		

2/07	REFERRED TO TAXATION		
3/07	HEARING		
3/19	COMM REPORT-BILL CONCURRED AS AMENDED		
3/22	2ND READING CONCURRED	48	0
3/25	3RD READING CONCURRED	49	0
	RETURNED TO HOUSE WITH AMENDMENTS		
4/02	2ND READING AMENDMENTS CONCURRED	95	1
4/03	3RD READING AMENDMENTS CONCURRED	90	7
4/08	SIGNED BY SPEAKER		
4/08	SIGNED BY PRESIDENT		
4/09	TRANSMITTED TO GOVERNOR		
4/11	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 439 EFFECTIVE DATE: 10/01/85		

HB 27 INTRODUCED BY M. WILLIAMS
WITHHOLDING TAX; PRIORITY DATE FOR WARRANT FOR DISTRAINT
BY REQUEST OF REVENUE OVERSIGHT COMMITTEE & DEPARTMENT OF REVENUE

1/07	INTRODUCED		
1/07	REFERRED TO TAXATION		
1/16	HEARING		
1/21	COMMITTEE REPORT-BILL DO PASS		
1/23	2ND READING PASS	93	6
1/25	3RD READING PASS	93	2
	TRANSMITTED TO SENATE		
1/26	REFERRED TO TAXATION		
2/09	HEARING		
2/11	COMMITTEE REPORT-BILL CONCURRED		
2/14	2ND READING CONCURRED	50	0
2/16	3RD READING CONCURRED	47	0
	RETURNED TO HOUSE		
2/19	SIGNED BY SPEAKER		
2/20	SIGNED BY PRESIDENT		
2/21	TRANSMITTED TO GOVERNOR		
2/22	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 34 EFFECTIVE DATE: 2/22/85		

HB 28 INTRODUCED BY M. WILLIAMS
CHANGING DEFINITION OF WINE
BY REQUEST OF REVENUE OVERSIGHT COMMITTEE & DEPARTMENT OF REVENUE

1/07	INTRODUCED		
1/07	REFERRED TO BUSINESS & LABOR		
1/11	HEARING		
1/15	COMMITTEE REPORT-BILL PASS AS AMENDED		
1/17	2ND READING PASS	94	0
1/18	3RD READING PASS	96	0
	TRANSMITTED TO SENATE		
1/19	REFERRED TO TAXATION		
1/29	HEARING		
1/29	COMMITTEE REPORT-BILL CONCURRED		

HOUSE BILL NO. 26

INTRODUCED BY SWITZER

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

IN THE HOUSE

January 7, 1985	Introduced and referred to Committee on Taxation.
	Fiscal Note requested.
January 12, 1985	Fiscal Note returned.
January 29, 1985	Committee recommend bill do pass as amended. Report adopted.
January 30, 1985	Bill printed and placed on members' desks.
February 1, 1985	Second reading, do pass as amended.
February 2, 1985	Correctly engrossed.
February 4, 1985	Third reading, passed. Ayes, 94; Noes, 6.
	Transmitted to Senate.

IN THE SENATE

February 7, 1985	Introduced and referred to Committee on Taxation.
March 19, 1985	Committee recommend bill be concurred in as amended. Report adopted.
March 22, 1985	Second reading, concurred in.

March 25, 1985	Third reading, concurred in. Ayes, 49; Noes, 0.
	Returned to House with amendments.

IN THE HOUSE

March 26, 1985	Received from Senate.
April 2, 1985	Second reading, amendments concurred in.
April 3, 1985	Third reading, amendments concurred in.
	Sent to enrolling.
	Reported correctly enrolled.

HOUSE BILL NO. 26

INTRODUCED BY SWITZER

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT PERMITTING LOCAL GOVERNING BODIES TO GRANT TAX BENEFITS FOR THE RECONSTRUCTION OR EXPANSION OF EXISTING BUILDINGS OR STRUCTURES; AMENDING SECTION 15-24-1501, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-24-1501, MCA, is amended to read:

"15-24-1501. Remodeling, reconstruction, or expansion of buildings or structures -- assessment provisions. (1) Remodeling, reconstruction, or expansion of existing buildings or structures may receive tax benefits during the construction period and for the following 5 years in accordance with the following schedule. The percentages shall be applied to any increase in taxable value caused by the remodeling, reconstruction, or expansion:

Construction period	0%
First year following construction	20%
Second year following construction	40%
Third year following construction	60%
Fourth year following construction	80%
Fifth year following construction	100%
Following years	100%

(2) In order to receive the tax benefits described in subsection (1), the governing body of a county or incorporated city or town must have approved by resolution the use of the schedule provided for in subsection (1) for their respective jurisdiction."

NEW SECTION. Section 2. Extension of authority. Any existing authority of the department of revenue to make rules on the subject of the provisions of this act is extended to the provisions of this act.

-End-

STATE OF MONTANA

F I S C A L N O T E

REQUEST NO. FNN005-85

Form BD-15

In compliance with a written request received January 7, 19 85, there is hereby submitted a Fiscal Note for H.B. 26 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION:

An act permitting local governing bodies to grant tax benefits for the reconstruction or expansion of existing buildings or structures; amending section 15-24-1501, MCA.

FISCAL IMPACT:

It is not possible to estimate the impact of this bill with any accuracy. We do not know and cannot anticipate how many jurisdictions will pass the enabling resolutions, nor can we anticipate the value of the projects that might receive these benefits. To date only two counties, Flathead and Cascade, have extended the remodeling exemption. The taxable value of these counties was reduced by $16,700 in 1984.

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

Under existing statutes it is unclear whether the exemption applies to all taxes levied by a particular jurisdiction or just to the city or county general levies. Some clarification may be appropriate to resolve this question.

David L. Hunter and

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Jan 12 1985

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

January 24, 1985

The tenth meeting of the Taxation Committee was called to order by Chairman Gerry Devlin in room 312-1 of the capitol building at 8:09 a.m. on January 24, 1985.

ROLL CALL: All members were present with the exception of Representative Harrington and Representative Schye, who were excused. Also present were Dave Bohyer, Researcher for the Legislative Council, and Alice Omang, Secretary.

CONSIDERATION OF HOUSE BILL 26: Representative Switzer, District 26, explained that this is an extension of a law that was passed in 1981 with the hope and purpose of providing an incentive to reconstruct and expand some of the buildings that were shut down in Great Falls and Butte specifically, but does address the whole state. He said that the local governments can make the decision for themselves.

PROPONENTS: Charles Kintz, representing the Glendive Chamber of Commerce, said he had with him Ken Kubesh, a realtor; Marvin Holas, a manufacturer; Murray Vestor, a Glendive realtor; and Jack Pollari, representing the service industries of Glendive. He explained that early in 1984, Glendive found itself in bad shape - they had 270 homes for sale; in two years, they had lost 164 residential hookups and 48 commercial and Mountain Bell was down 340 residential hookups and down 60 business hookups. He stated that, at that time, Burlington-Northern announced plans to reconstruct the roundhouse and one of their choices was Glendive along with Mandan, North Dakota. He continued that they came to the Revenue Oversight Committee in August of 1984 and told them that they would like to offer the possibility of offering this incentive. He informed the committee that they are planning construction of a roundhouse in the neighborhood of $10 to 15 millon and in the Glendive roundhouse, there are about 90 families involved. If this should move out of state, they would lose 90

families, and if it is built in Glendive, they would keep the 90 families and add another 50 families, which is about 140 families approximately. He said that this bill would in no way guarantee that they would choose Glendive for the roundhouse.

Representative Hart, District 23, which is the whole city of Glendive, stated that she did indeed, support this measure, as it would not only help Glendive, but she thought it would help the whole state.

Representative Dave Brown, District 72, Butte-Silver-Bow, indicated that he was a co-sponsor of this bill and supported it for all the reasons already heard.

Representative Bachini, District 14, testified that he wanted to go on record in support of this bill.

John Rabenberg, Wolf Point, Montana, commented that the time is right to give the counties the opportunity to give tax incentives so remodeling and reconstruction can be carried out.

Alec Hansen, representing the Montana League of Cities and Towns, indicated that their association passed a resolution endorsing Glendive's proposal, as they feel that it important to give communities some tools to put together economic development and each community can use it in their own way.

Janelle Fallon, representing the Montana Chamber of Commerce, informed the committee that they support this bill and urge a do pass on it.

Gordon Morris, representing the Montana Association of Counties, indicated that they endorse this bill and ask that the bill be passed.

Carl Knutson, representing the Bro. Mte. Way of Employers, stated that they support this bill.

There were no further proponents.

OPPONENTS: David Hartman, Executive Secretary of the Montana Education Association, gave a statement in opposition to this bill. See Exhibit 1.

There were no further opponents.

Representative Switzer commented that the M.E.A. is a little short-sighted on this bill as, in the future, the M.E.A.'s potential would be enhanced.

QUESTIONS ON HOUSE BILL 26: Representative Raney asked Mr. Kintz if he had any idea how much the roundhouse would cost over the life of the act.

Mr. Kintz answered that as far as Burlington-Northern's whole tax figure to the state of Montana, it would not be much.

Representative Raney asked how much as opposed to building it in North Dakota.

Mr. Kintz replied that their personal property taxes and other taxes are much less in North Dakota because they have a sales tax.

Representative Raney asked if it would be possible that this would put communities in competition with each other. He explained that he came from Livingston, and they also have a roundhouse that is being disassembled and they would also like to be considered.

Mr. Kintz responded that in this particular case, they are talking about railroad activity between Montana coal and the east coast so it would be no for this particular one, but, for other businesses and other industries, this very possibly could put them in competition, which may not necessarily be bad.

Representative Gilbert asked Mr. Hartman if he felt the same in all tax reduction attempts.

Mr. Hartman answered that his concern is certainly heightened in anything that causes alterations to the school foundation program.

Representative Gilbert noted that he did not notice his presence at the request for exemptions by fraternal organizations, religious organizations, taxes and licenses on school buses or on motorcycles and asked if this was a selective thing he is protesting.

Mr. Hartman replied that he was certain that those hearings were monitored and other members of the association may well have been present. He indicated that their opposition is far more general than it is selective.

Representative Ellison asked if they were protesting the effect on all taxes levied by the county for the support of schools or just voted levies for the school district.

Mr. Hartman responded that their concern was limited to the taxable valuation of the school district for school district levy purposes.

Representative Cohen asked if it was correct that this tax break might result in new jobs.

Representative Switzer replied that that was the purpose of it and they were expected to lose 140 families if the roundhouse operation is shut down entirely.

Representative Cohen asked where the money is going to come from for the new burden for the school district.

Representative Switzer answered that the businesses there and the people that live in Glendive are quite optimistic that they will be able to survive.

Representative Devlin asked the same question of Mr. Kintz.

Mr. Kintz replied that they are saying to give B-N a break for two or three years and after five years down the road, they can add the $15 millon taxable valuation

and he felt that the community would pick up what was needed, but they must remember that these 140 families will be taxpayers themselves.

Representative Patterson asked if it would not be very devastating to the school system if 90 some families lost their job in Glendive.

Mr. Hartman responded that there is no denying the effect that such a relocation such as this would have on the schools, but he said their concern is with the ignoring of the legitimate authority of school districts as governing bodies and he has little question in his mind that the board of trustees serving on the school district in the city of Glendive would embrace this project with the same enthusiasm as the city of Glendive.

Representative Ream asked if the term "construction period" is defined anywhere in the law.

Representative Switzer answered that in 1981 session, this was addressed - if the construction was 2/3 done and one taxing period had elapsed and some of the property that was put to full use was put on the tax rolls, but he did not know if it would apply in this instance.

Representative Zabrocki asked if the Burlington-Northern is under taxes now in Dawson County and are they current or are they three years behind.

Representative Switzer replied that they are probably as current in Dawson County as they are anywhere else in the state and he indicated that there is a settlement that has been reached with the Department of Revenue and Senate Bill 48 does address the problem that has resulted in so much litigation for Burlington-Northern.

Representative Zabrocki asked if it was not true now that they were not paying their taxes that are assessed and that they are delinquent this very minute.

Representative Switzer responded that he believed that the suit has been settled, but he would refer to the

local government option in this bill and if the counties were not being treated right, they do not have to enter into the program.

Representative Ream asked Mr. Morris why it was that only two counties have extended the remodeling exemption.

Mr. Morris answered that he knew of at least three other counties that have taken a look at economic incentives being built into the bill and in Missoula County, the commissioners have weighed very carefully if this would provide economic incentive as it is intended to.

There were no further questions.

Representative Switzer closed.

The hearing on this bill was closed.

CONSIDERATION OF HOUSE BILL 122: Representative Dave Brown, District 72, explained that this legislation would allow new and expanding and existing industries to qualify for a 50% reduction in property tax, applying for the first five years and would be graduated back to a full 100% over the next five years. He pointed out to the committee that there would be no impact on existing revenue based on this bill - that it only applies at the option of the local governing body. He indicated that this is an attempt to attract new business into the state or to expand existing business. He continued that he noticed on the witness sheet that Mr. Hartman had checked that he was opposed to this bill and he feels that his allegations are totally unfounded. He indicated that Mr. Hartman was saying that the local school boards are co-equal to the governing body in the county or in a city or town and he said he found that hard to live with.

PROPONENTS: Gary Langley, executive director of the Montana Mining Association, gave a statement in support of this bill. See Exhibit 2.

Don Peoples, chief executive of Butte-Silver-Bow local government, said that it only makes good sense, when they are talking about economic development in Montana, they should be talking about agriculture, mining and

DAILY ROLL CALL

HOUSE TAXATION COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date January 24, 1985

NAME	PRESENT	ABSENT	EXCUSED
DEVLIN, GERRY, Chrm.	X		
WILLIAMS, MEL, V. Chrm.	X		
ABRAMS, HUGH	X		
ASAY, TOM	X		
COHEN, BEN	X		
ELLISON, ORVAL	X		
GILBERT, BOB	X		
HANSON, MARIAN	X		
HARRINGTON, DAN		X	
HARP, JOHN	X		
IVERSON, DENNIS	X		
KEENAN, NANCY	X		
KOEHNKE, FRANCIS	X		
PATTERSON, JOHN	X		
RANEY, BOB	X		
REAM, BOB	X		
SANDS, JACK	X		
SCHYE, TED			X
SWITZER, DEAN	X		
ZABROCKI, CARL	X		
	X		

Exhibit 1
HB 26
1/24/85
Hartman

January 24, 1985

HOUSE TAXATION COMMITTEE

Hearing on HB 26 (Switzer) Local Governing Bodies -- Authority to Grant Tax Benefits for the Reconstruction or Expansion of Existing Buildings or Structures

Mr. Chairman, Members of the Committee --

For the record, my name is David Hartman, Executive Secretary of the Montana Education Association. On behalf of MEA's 7,000 members, I must speak in opposition to the further extension of tax benefits contained in HB 26.

MEA's opposition is based upon concern over the current application of 15-25-1501: A concern which is considerably heightened by the provisions of HB 26.

As it stands now, the governing body of a county or incorporated city or town can act to grant tax benefits which reduce the taxable value of property in the school district which serves the geographic area involved. The integrity and authority of school districts as a legitimate governing body is ignored.

In recognition of the integrity of school districts and their statutory authority as governing bodies, amendment of HB 26 is in order to preserve the right of school district self-determination on such matters as taxation. Amendment toward this end could take the following form:

1. Amend lines 4 & 5 at page 2 to read:

   "subsection (1), the governing body of a county, SCHOOL DISTRICT, or incorporated city or town must have approved by resolution..."

and

2. Add a sentence commencing at line 7, page 2 to read:

   "The tax benefits described in subsection (1) shall apply only to the taxes levied by the governing body approving said resolution."

Thank you for your consideration.

Edward Hartman

WITNESS STATEMENT

NAME Carl Knutson BILL No. H.B. 26

ADDRESS 220 So Pearson DATE 1-24-85

WHOM DO YOU REPRESENT Bro. Mtce Way of Employees

SUPPORT ✓ OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: We do support

FORM CS-34

VISITORS' REGISTER

TAXATION COMMITTEE

BILL NO. HB 26 DATE January 24, 1985

SPONSOR REPRESENTATIVE SWITZER

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
CHARLES KINTZ	GLENDIVE	✓	
Ken Kubesh	"	✓	
[illegible]	[illegible]	✓	
[illegible]	[illegible]	✓	
MURRAY VESTER	GLENDIVE	X	
JOE WEGNER	HELENA Chamber	X	
[illegible]	[illegible]		✓
Jack Pellegrini	Glendive	✓	
John Delano	Helena		
[illegible]	[illegible]	✓	
[illegible]	[illegible]		
[illegible]	[illegible]	✓	
[illegible]	[illegible]	✓	
[illegible]	[illegible]	✓	
[illegible]	[illegible]	✓	
[illegible]	[illegible]	✓	
[illegible]	[illegible]	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Exhibit 1
HB 26
1/24/85
Hartman

January 24, 1985

HOUSE TAXATION COMMITTEE

Hearing on HB 26 (Switzer) Local Governing Bodies -- Authority to Grant Tax Benefits for the Reconstruction or Expansion of Existing Buildings or Structures

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MEA's opposition is based upon concern over the current application of 15-25-1501: A concern which is considerably heightened by the provisions of HB 26.

As it stands now, the governing body of a county or incorporated city or town can act to grant tax benefits which reduce the taxable value of property in the school district which serves the geographic area involved. The integrity and authority of school districts as a legitimate governing body is ignored.

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1. Amend lines 4 & 5 at page 2 to read:

"subsection (1), the governing body of a county, SCHOOL DISTRICT, or incorporated city or town must have approved by resolution..."

and

2. Add a sentence commencing at line 7, page 2 to read:

"The tax benefits described in subsection (1) shall apply only to the taxes levied by the governing body approving said resolution."

Thank you for your consideration.

Respectfully submitted,

WITNESS STATEMENT

NAME CHARLIE KINTZ BILL No. HB 26

ADDRESS GLENDIVE DATE 1-24-85

WHOM DO YOU REPRESENT GLENDIVE CHAMBER OF COMMERCE & AGRICULTURE

SUPPORT ✓ OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

BRIEF ORAL STATEMENT.

FORM CS-34

WITNESS STATEMENT

NAME David Whitman BILL No. HB 26

ADDRESS 1232 E 6th Ave. Helena DATE 1/24/85

WHOM DO YOU REPRESENT MEA

SUPPORT _____ OPPOSE ✓ unless AMEND ✓

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

See prepared statement for proposed amend

ments.

FORM CS-34
1-81

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

January 28, 1985

The meeting of the Taxation Committee was called to order in room 312-1 of the state capitol at 8:10 a.m. by Chairman Gerry Devlin.

ROLL CALL: All committee members were present. Also present were Dave Bohyer, Researcher for the Legislative Council, and Alice Omang, secretary.

CONSIDERATION OF HOUSE BILL NO. 241: Representative Mike Kadas, District 55, Missoula, appeared before the committee as sponsor of House Bill No. 241. He said that this was a bill to provide for the proration of property tax on mobile homes when they are moved. He said that right now if a person wants to move their mobile home during the year, they have to pay the whole years taxes. This bill allows them to pay up to the point when they move, and then pay the other tax where they have moved. He said that this applies to only counties in our state.

There were no proponents and no opponents to House Bill No. 241.

QUESTIONS ON HOUSE BILL NO. 241: Representative Raney stated that the fiscal note does not show a loss of revenue, and he wanted to know if there would be one. Representative Kadas gave an example of a person moving from Park county to Lewis and Clark county. He said that as the law now reads all the revenue would go to Park county. With this new legislation, the person would pay taxes to Park county only until he moved to Lewis and Clark county, and then he would pay the remaining year's taxes to Lewis and Clark county. Representative Raney then asked if mobile home owners would be expected to pay their taxes every month. Representative Kadas said that they would not. The taxes would be prorated if a person was moving.

Representative Asay stated that if a person is only going to pay his taxes up to the time he moves, then he doesn't see any big relief for him. Representative

Question was called on the original DO-PASS motion. The motion carried with the dissenting votes of Representative Switzer, Koehnke, and Devlin.

HOUSE BILL NO. 241: Representative Ream made a motion that House Bill No. 241 DO PASS. Committee discussion followed. Representative Devlin said that he was concerned about the fact that some people are being double taxed when they move their trailer homes. He said that he does not feel that this bill will prevent some counties from doing this.

Representative Ream said he felt that it was equitable to prorate the taxes for the county in which you have the mobile home, and that it why he supports the bill.

Representative Abrams said that he questioned the prorating from one county to another because the taxes vary. He said that he felt that there were a lot of administrative costs involved.

Representative Asay said that he would like to see the taxes being required to be paid in the county in which a person lives,and the remainder in the county to which he moves.

Representative Harrington said that there are 247 trailers in Silver Bow County that pay no taxes, so he was indecisive about this bill.

Representative Gilbert made a substitute motion of DO NOT PASS on House Bill No. 241. More committee discussion followed. A roll call vote was taken on the DO NOT PASS motion. (See roll call vote.) The motion carried 11-9.

HOUSE BILL NO. 26: Representative Switzer made a motion that House Bill No. 26 DO PASS. Representative Switzer explained his support of this legislation. He said that this bill specifically addresses the round house building in Glendive.

Representative Raney made a motion to amend the bill page 2, line 5 after "resolution," add "for each project,". Committee discussion followed concerning this amendment. Question was called on this amendment. The motion carried with the dissenting vote of Representative Sands.

Representative Read made a motion to have section 15-24-1304 codified into the base of the bill. Question was called on the amendment. The motion carried unanimously.

Representative Cohen moved to amend the bill on page 2, line 4, following the word "county", add the words "school district,". Committee discussion followed on this amendment. Question was called on this amendment. The motion failed. Representatives Williams, Cohen, Harrington, and Ream voted in favor of this amendment.

Committee discussion followed on the bill. Representative Iverson said that he had a question on the fiscal note. He referred to the last sentence and asked how the fiscal impact happens. Representative Williams said that assuming that you did not apply the reductions in the present law, that would have happened. Representative Iverson said that he was going to protest the fiscal note. He said that it was misleading, erroneous, and insulting. More committee discussion followed.

Representative Switzer withdrew his DO PASS motion until the reseacher comes back to the committee with the new set of amendments.

ADJOURNMENT: There being no further business before the committee, the meeting was adjourned at 11:09 a.m.

GERRY DEVLIN, Chairman

Alice Omang, Secretary

DAILY ROLL CALL

HOUSE TAXATION COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date January 28, 1985

NAME	PRESENT	ABSENT	EXCUSED
DEVLIN, GERRY, Chrm.	X		
WILLIAMS, MEL, V. Chrm.	X		
ABRAMS, HUGH	X		
ASAY, TOM	X		
COHEN, BEN	X		
ELLISON, ORVAL	X		
GILBERT, BOB	X		
HANSON, MARIAN	X		
HARRINGTON, DAN	X		
HARP, JOHN	X		
IVERSON, DENNIS	X		
KEENAN, NANCY	X		
KOEHNKE, FRANCIS	X		
PATTERSON, JOHN	X		
RANEY, BOB	X		
REAM, BOB	X		
SANDS, JACK	X		
SCHYE, TED	X		
SWITZER, DEAN	X		
ZABROCKI, CARL	X		

The hearing on HB 311 was closed.

EXECUTIVE SESSION:

DISPOSITION OF HOUSE BILL NO. 26: Representative Switzer presented proposed amendments to this bill (Exhibit 9) and moved HB 26 DO PASS and moved the amendments. Mr. Bohyer reviewed the amendments and there was discussion on these amendments. The motion to adopt the amendments CARRIED unanimously.

Representative Keenan noted that this bill is a policy issue and that constitutionally, they have to treat all properties in one class equally.

Representative Ream explained that he would have to oppose the bill because the cost of diesel to move the dead locomotives to Livingston, Glendive, or Mandan, as well as the utilities to heat or cool the buildings, are more of a factor than the small amount of savings with this tax incentive.

Representative Cohen said he did not think tax incentives will ever be a way to promote economic development.

A roll call vote was taken on the motion that HB 26 DO PASS AS AMENDED and the vote CARRIED with 14 members approving and 6 members opposing. (See Roll Call Vote)

DISPOSITION OF HOUSE BILL NO. 241: Chairman Devlin informed the committee that Representative Kadas has proposed amendments to this bill (See Exhibit 9). Representative Ream moved to reconsider HB 241. The motion CARRIED unanimously.

Representative Asay moved to accept the amendments and Mr. Bohyer outlined the amendments. Representative Asay explained that the purpose of the amendments is to allow a certain amount of convenience to the mobile home owner without cutting into the paperwork for the taxing district. The motion to adopt the amendments CARRIED unanimously.

Representative Ream moved HB 241 DO PASS AS AMENDED. The motion CARRIED with Representatives Williams and Devlin opposing the motion.

DISPOSITION OF HOUSE BILL NO. 101: Representative Hanson presented proposed amendments to this bill (Exhibit 10) and moved the adoption of the amendments.

Chairman Devlin noted that this is another case where the fiscal note is based on projections that more people will pay the fees than are currently licensing. There was a good deal of discussion regarding the fee system.

The motion to adopt the amendments CARRIED with Representative

The hearing on HB 311 was closed.

EXECUTIVE SESSION:

DISPOSITION OF HOUSE BILL NO. 26: Representative Switzer presented proposed amendments to this bill (Exhibit 9) and moved HB 26 DO PASS and moved the amendments. Mr. Bohyer reviewed the amendments and there was discussion on these amendments. The motion to adopt the amendments CARRIED unanimously.

Representative Keenan noted that this bill is a policy issue and that constitutionally, they have to treat all properties in one class equally.

Representative Ream explained that he would have to oppose the bill because the cost of diesel to move the dead locomotives to Livingston, Glendive, or Mandan, as well as the utilities to heat or cool the buildings, are more of a factor than the small amount of savings with this tax incentive.

Representative Cohen said he did not think tax incentives will ever be a way to promote economic development.

A roll call vote was taken on the motion that HB 26 DO PASS AS AMENDED and the vote CARRIED with 14 members approving and 6 members opposing. (See Roll Call Vote)

DISPOSITION OF HOUSE BILL NO. 241: Chairman Devlin informed the committee that Representative Kadas has proposed amendments to this bill (See Exhibit 9). Representative Ream moved to reconsider HB 241. The motion CARRIED unanimously.

Representative Asay moved to accept the amendments and Mr. Bohyer outlined the amendments. Representative Asay explained that the purpose of the amendments is to allow a certain amount of convenience to the mobile home owner without cutting into the paperwork for the taxing district. The motion to adopt the amendments CARRIED unanimously.

Representative Ream moved HB 241 DO PASS AS AMENDED. The motion CARRIED with Representatives Williams and Devlin opposing the motion.

DISPOSITION OF HOUSE BILL NO. 101: Representative Hanson presented proposed amendments to this bill (Exhibit 10) and moved the adoption of the amendments.

Chairman Devlin noted that this is another case where the fiscal note is based on projections that more people will pay the fees than are currently licensing. There was a good deal of discussion regarding the fee system.

The motion to adopt the amendments CARRIED with Representative

STANDING COMMITTEE REPORT

January 25, 19 85

MR. SPEAKER

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 26

FIRST reading copy (WHITE color)

ALLOWING PROPERTY TAX BENEFITS FOR RECONSTRUCTION OR EXPANSION OF BUILDINGS

Respectfully report as follows: That HOUSE Bill No. 26

1. Page 1, line 14.
Following: "provisions"
Insert: " -- levy limitations"

2. Page 1, line 17
Following: "period"
Insert: "as defined in 15-24-1304"

3. Page 1, line 18.
Following: "with"
Insert: "subsections (2) and (3) and"

~~NOT PASS~~
DO PASS

Chairman.

STATE PUB. CO.
Helena, Mont.

COMMITTEE SECRETARY

January 25 19 85

4. Page 1, line 19.
Following: "applied"
Insert: "only as provided in subsection (3) and are limited"
Following: "to"
Strike: "any"
Insert: "the"

5. Page 2, line 5.
Following: "by"
Insert: "separate"
Following: "resolution"
Insert: "for each project"

6. Page 2.
Following: line 7
Insert: "(3) The tax benefit described in subsection (1) applies only to the number of mills levied and assessed for high school district and elementary school district purposes and to the number of mills levied and assessed by the governing body approving the benefit over which the governing body has sole discretion. In no case may the benefit described in subsection (1) apply to levies or assessments required under state law."

AND AS AMENDED,
DO PASS

Gerry Devlin.
Chairman.

STATE PUB. CO.
Helena, Mont.

ROLL CALL VOTE

HOUSE COMMITTEE TAXATION

DATE 1-29-1985 BILL NO. HB 26 TIME

NAME	AYE	NAY
DEVLIN, GERRY, Chrm.	✓	
WILLIAMS, MEL, V.Chrm.	✓	
ABRAMS, HUGH	✓	
ASAY, TOM	✓	
COHEN, BEN		✓
ELLISON, ORVAL	✓	
GILBERT, BOB	✓	
HANSON, MARIAN	✓	
HARRINGTON, DAN		✓
HARP, JOHN	✓	
IVERSON, DENNIS	✓	
KEENAN, NANCY		✓
KOEHNKE, FRANCIS		✓
PATTERSON, JOHN	✓	
RANEY, BOB		✓
REAM, BOB		✓
SANDS, JACK	✓	
SCHYE, TED	✓	
SWITZER, DEAN	✓	
ZABROCKI, CARL	✓	
	14	6

Secretary Alice Omang Chairman Gerry Devlin

Motion: H.B. No. 26 - Do Pass As Amended

CS-31

Exhibit 6
1/29/85
HB 26
Rep. Switzer

PROPOSED AMENDMENTS

House Bill No. 26
Introduced Copy

1. Page 1, line 14.
Following: "provisions"
Insert: " -- levy limitations"

1. Page 1, line 17
Following: "period"
Insert: "as defined in 15-24-1304"

2. Page 1, line 18.
Following: "with"
Insert: "subsections (2) and (3)"

3. Page 1, line 19.
Following: "applied"
Insert: "only as provided in subsection (3) and are limited"
Following: "to"
Strike: "any"
Insert: "the"

4. Page 2, line 5.
Following: "by"
Insert: "separate"
Following: "resolution"
Insert: "for each project"

5. Page 2.
Following: line 7
Insert: "(3) The tax benefit described in subsection (1) applies only to the number of mills levied and assessed for high school district and elementary school district purposes and to the number of mills levied and assessed by the governing body approving the benefit over which the governing body has sole discretion. In no case may the benefit described in subsection (1) apply to levies or assessments required under state law."

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 7, 1985

The forty-third meeting of the Senate Taxation Committee was called to order by Chairman Thomas E. Towe at 8:06 am in Room 413-415 of the Capitol Building.

ROLL CALL: Senator Hager was excused and all other members of the committee were present.

CONSIDERATION OF HB 26: Representative Dean Switzer, House District 28, was recognized as chief sponsor of the bill. He explained that the bill expanded the allowable property tax benefits to include reconstruction and expansion of buildings. He said it would require separate action for an exemption on each project.

PROPONENTS

Mr. John M. Shontz, representing the Glendive Chamber of Commerce and Glendive Forward, submitted his testimony in writing (Exhibit 1).

Ms. Marie MacLear, representing the Montana Association of Counties, said that amendments put on the bill in the House were causing them some concern. She said the exact taxing authority applicable needed to be clarified. She said they do support the bill.

Mr. Alex Hansen, representing the Montana League of Cities and Towns, said that the Glendive people had come to the Revenue Oversight Commit with a sincere concern. He said the broad application of the bill would help others as well.

Mr. Dave Goss, representing the Billings Chamber of Commerce said the bill would help all across Montana with the erosion of the tax base. He said the bill would not erode the base currently but would phase in future revenues. He also asked for clarification of the governing body to which application should be made.

Mr. Joe Weggemen, Helena Chamber of Commerce, supported the bill with further comment.

Representative Bob Bachini supported the bill without comment.

Mr. Don Engles, representing the Montana Chamber of Commerce, rose in support of the bill.

Mr. Carl J. Knutson, representing the Brothers of the Maintenance of the Way, rose in support of the bill.

Mr. Jeff Quick, Missoula Chamber of Commerce, supported the bill.

Senator Larry Tveit, Senate District 11, said that this bill is a goc complement to the build Montana program and would do a lot to help the business climate.

Senator Pat Goodover said the Great Falls Chamber of Commerce support

the bill.

OPPONENTS

Ms. Louise Kunz of the Montana Low Income Coalition presented her testimony in writing (Exhibit 2).

Questions from the committee were called for.

In response to a question from Senator Halligan, Mr. Dan Bucks of the Department of Revenue said that any construction that changes the valuation is already looked at by local appraisers anyway, and that no additional work would be necessary to comply with the bill.

Senator Mazurek asked about the ambiguity in the bill's language. Mr. Bucks said the bill may not be clear in its application to state-wide mills. Representative Switzer said the state was separated from the exemption. Senator Mazurek felt the distinction between city and county levies was not clear. Representative Switzer said that it was the intention of the House Taxation Committee to let the city and county operate independently.

In discussion of how this would impact Glendive, Representative Switzer said that reconstruction of the existing roundhouse by Burlington Northern would be a $7 to 11 million project. He said that keeping the roundhouse there would mean an increase of about 40 jobs to the community and losing it would be a loss of about 90 to 100 jobs.

Senator Eck asked if the School Districts should be consulted in the waiver of levies. Representative Switzer said that the action should bring them additional students, additional A and B money and it does not exempt anything paid at this time, but only delays payment on future taxes paid.

In response to a question from Senator Goodover, Representative Switzer said that the House committee did not want a project foisted on one unit of local government by another unit. He said there must be cooperation to receive the whole exemption. In discussion with Senator Towe it was clarified that if the city approves it would apply to city mills and would not apply to the county until it had acted as well. A separate resolution would be required for each project.

Senator Hirsch asked what the tax savings would be. Representative Switzer said that in the first year, no tax would be paid on the new facility. Senator Towe said that with Burlington Northern the $11 million would be absorbed by the unitary system and very little would be paid here anyway. Representative Switzer agreed that the greater impacts would be other than the Burlington Northern.

Senator Lybeck asked if this was setting a precedent. Representative Switzer answered that the exemption was already created in 1981 and this was merely an expansion of it. Mr. Shontz said that it would be granted on a case by case basis, and with industrial development bonds, the commissions had acted independently on each decision.

Senator Goodover clarified that on smaller projects, it wouldn't

make much difference.

Senator Halligan asked if market value, rather than taxable value should be used.

Representative Switzer closed without comment.

CONSIDERATION OF HB 171: Representative Switzer, House District 28, was recognized as chief sponsor of the bill. He said the bill changes the interest on delinquent property taxes so that people won't be investing money elsewhere rather than paying taxes.

PROPONENTS

Mr. Charles Gravely, representing the Montana Treasurers Association, said that the Assessors Association also passed a resolution in support of the bill. He said the bill would send interest rates at 14 percent the first year and 12 percent thereafter. He said it would encourage people to pay taxes. He said that the major delinquencies are with developers. He used Butte/Silver Bow as an example where two taxpayers owed the consolidated government almost $1 million.

Mr. Alex Hanse, Montana League of Cities and Towns, rose in support of the bill. He said it was aimed at people who were playing games with public finances. He said they withhold the payment of taxes because the margin of investment allows them to profit. He said closing the margin would make paying taxes good investment policy.

Mr. Greg Jackson of the Urban Coalition, rose to support the bill.

Mr. John Larson, representing the Montana Department of Public Instruction, also supported the bill as it would help school district funding.

Mr. Mike Young, Finance Director for the city of Missoula, said that they support the bill.

Senator Dorothy Eck rose to support the bill saying that in her county other taxpayers are picking up the difference by increased levies and that they are tired of it.

OPPONENTS

None were heard.

Questions from the committee were called for.

Senator McCallum said that this bill had been before the Legislature before and testimony at that time indicated that 80 percent of the delinquent taxes were owned by persons owing less than $200.

Mr. Gravely disagreed, saying that studies revealed that retired folks, farmers and ranchers, pay taxes. He said that the major delinquent taxpayers are large ones and that it is an unfair burden to the conscientious taxpayer. Mr. Hansen pointed out that the small taxpayers would experience an almost insignificant increase as a result of this bill.

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date March 7, 1985

Location -- Room 413-415

Name	Present	Absent	Excused
Senator Brown	✓		
Senator Eck	✓		
Senator Goodover	✓		
Senator Hager			✓
Senator Halligan	✓		
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum	✓		
Senator Neuman	✓		
Senator Severson	✓		
Senator Towe	✓		

COMMITTEE ON TAXATION

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
Jon Ingalls	Mt. Chamber of Commerce	HB 26	X	
[illegible]	MT Inst Insurance	HB 26		X
Marg Hart	Property & L.	HB 2-	X	
Bob Baukol	Self	HB 26	X	
[illegible]	Bus Mfg Ass Emp	HB 26	X	
[illegible]	MPEA-Ret Board	SB 461	X	
Dick Wagenman	HLN Chamber of Comm	HB 26	X	
Bill Verwolf	City of Helena	SB461	X	
[illegible]	MACo	~~SB 461~~ HB 26	X	
[illegible]	Missoula Chamber	HB26	X	X
[illegible]	Billings Chamber	HB 26	X	
[illegible]	MT Bar Assn	HB 26		
Bob Ehlers	Dain Bosworth	SB461		
John Shontz	Richland CTY	SB461	X	
Greg Jackson	Urban Coalition	HB 171 SB461	X	
Don Peoples	Butte Silver-bow	SB461	X	
[illegible]	Senate Dist 11	HB 26	X	
Lars Semmens	MT Education Relief Board	SB 461	X	
[illegible]	SD 15	SB 25		

(Please leave prepared statement with Secretary)

TESTIMONY OF GLENDIVE CHAMBER OF COMMERCE
AND
GLENDIVE FORWARD

HOUSE BILL 26
SENATE TAXATION COMMITTEE
MARCH 7, 1985

MR. Chairman and Members of the Committee,

For the record I am John Shontz and am speaking today on behalf of the Glendive Chamber of Commerce and Glendive Forward.

Glendive's economic base has been shaken in recent years by changes in the railroad business, the communications business, and the energy business.

In December of 1983 Dawson County's labor force numbered 6,686 persons. In December of 1984, that number stood at 5,497 persons. **This is a drop of seventeen percent in one year.**

In 1982, retail sales in Dawson County totaled about $76,400,000. In 1984 this dropped to about $64,400,000. **A ten million dollar loss in two years.**

During the past two years Mountain Bell has cut 70 jobs in Glendive, the BN has reduced its workforce by 200, and the shut down of the oil industry has contributed to the loss of jobs as well.

That is a sample of the down side. There is an "up" side that can look particularly good with your help.

Currently, the BN employs 300 people in Glendive. The railroad is proposing to build a new Roundhouse and has selected Glendive as one of the potential sites. We understand the railroad is planning to make a final decision in mid-April with Glendive's competition for the roundhouse coming from Mandan, North Dakota.

If the new roundhouse is built in Glendive an additional 30-45 employees will be added to our local labor force, a welcome additon to our community. If Mandan is chosen, Glendive will lose 90-100 jobs...a loss we cannot afford. In additon, the new roundhouse will add between 10 and 15 million dollars over three years in new construction to the Glendive economy and Montana's tax base.

We believe House Bill 26 provides an equal competitive footing for Glendive and other Montana cities competing with North Dakota communities for jobs and tax base.

We will all benefit in Montana if we can expand our industrial base to provide decent jobs for our people. House Bill 26 helps move us along that road.

On behalf of our efforts to get Glendive moving forward, we ask your careful consideration of this bill and request a "do pass" recommendation from the committee.

MONTANA LOW-INCOME COALITION

P. O. Box 1029
107 West Lawrence
Helena, Montana 59624
(406) 449-8801

Statewide MONTANA HRDC DIRECTOR ASSOCIATION
MONTANA LEGAL SERVICES EMPLOYEES
MONTANA SENIOR CITIZEN ASSOCIATION
NORTHERN ROCKIES ACTION GROUP

Helena LAST CHANCE PEACEMAKERS COALITION
LOW INCOME SENIOR CITIZENS ADVOCATES
MONTANA ALLIANCE FOR PROGRESSIVE POLICY

Missoula LOW INCOME GROUP FOR HUMAN TREATMENT
NATIVE AMERICAN SERVICES AGENCY

Great Falls CONCERNED CITIZENS COALITION
MONTANA POWER TO THE PEOPLE

Butte BUTTE COMMUNITY UNION

Bozeman BOZEMAN HOUSING COALITION

Louise Kunz
107 Lawrence
Helena

Lobbist for MLIC

We wish to go on record as opposing HB 26. Businesses , in general, do not make location decisions based on state and local taxes. The average firm pays $1 in state and local taxes for $20 in wages and salaries. It would take a 100% property tax decrease to off set 2½% difference in wages. If a corporation is in the 46% bracket the Federal Government actually absorbs 46% of the cost of local tax through Federal tax deductions. Proximity to market, labor and energy costs are among the weightier factors that determine locations.

Why should we then be eroding our tax base with incentives that are unlikely encourage business growth? While we must encourage business growth we must also insure the survival of those who are jobless until the time there is a new job market. We must protect our tax base that will allow us to supply this aid.

Exhibit 2 -- HB 26
March 7, 1985

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 19, 1985

The fifty-third meeting of the Senate Taxation Committee was called to order at 8:05 am by Chairman Thomas E. Towe in Room 413-415 of the Capitol Building.

ROLL CALL: Senators Goodover, Hager, Hirsch, Lybeck, Mazurek, McCallum, Neuman, Severson and Towe were present. Senators Brown and Halligan joined the committee after 9 am. Senator Eck was excused.

CONSIDERATION OF HB 580: Representative Paula Darko, House District 2, was recognized as chief sponsor of the bill. She said that the bill was introduced at the request of her local search and rescue unit in Libby. She said it would allow the county to levy up to one mill for use of search and rescue groups that were approved by their county's sheriff.

PROPONENTS

No additional proponents were heard.

OPPONENTS

None were heard.

Questions from the committee were called for.

In response to questions by Senator Lybeck, Representative Darko said that the amount levied would be at county option and that these operations have been previously financed by fund raising. She said those efforts have become particularly difficult with the depressed economy.

Senator Hager asked if the volunteer effort would continue. She said that all the time spent is volunteer time and this bill would help cover other kinds of expenses.

Senator Neuman asked if the sheriff would be responsible for this if there were no volunteer search and resuce. Representative Darko said, yes, that in her county one deputy is actually in charge of search and rescue.

Representative Darko closed saying that if the committee passed the bill, Senator Mohar would carry it on the Senate floor.

CONSIDERATION OF HB 625: Representative Ben Cohen, Whitefish, was recognized as chief sponsor of the bill. He said after attending city council meetings on a regular basis, and protesting the unfairness of the frontage foot or square footage method of assessing for street maintenance districts, he decided legislative action was needed to offer other options to more fairly deal with the problem.

Senator Hirsch said the increase from 7 cents to $2.00 is a significant one and flagged his concern about the bill.

Question was called. Senators McCallum, Hirsch, Goodover and Mazurek voted no. Senators Towe, Neuman, Severson, Lybeck and Hager voted yes. The motion carried. Chairman Towe agreed at the request of Senator Hager and with no objection from the committee to hold HB 625 in committee for one more day so that absent members could vote.

CONSIDERATION OF HB 580:

MOTION: Senator McCallum moved that HB 580 be concurred in. Senators Lybeck, Mazurek, McCallum, Severson and Towe voted yes; Senators Goodover, Hager, Hirsch and Neuman voted no. The chairman agreed to hold the bill for the vote of the absent members, but temporarily, the motion carried.

CONSIDERATION OF HB 26: Amendments to the bill were distributed and discussed by Mr. Jim Lear, committee staff, at the request of Senator Brown. The amendments he said, give all taxing jurisdictions authority over the granting of a tax break for their own mill levies. They also assure that nothing can affect the state imposed levies. The amendments are found in Exhibit 3.

In response to a question by Senator McCallum, Mr. John Shontz said that the more people involved, the more cluttered the process gets. He said they prefer the bill in its current form.

Senator Mazurek asked if there was any comparable situation. Mr. Gregg Groepper, Department of Revenue, said that the only similar process leaves the decision to the county commission which can then bind other taxing jurisdictions with their decisions.

Senator Towe noted that the existing bill still has problems with ambiguity regarding buildings outside a city.

In response to a question Mr. Groepper said that the bill does not preclude the city or county from offering the incentive separately. He said that there would be no more administrative problem with the bill than currently exists.

(Senator Halligan joined the committee at 9 am, Senator Brown at 9:10 am.)

Senator Brown said that school boards should be in the position of control over their own mills. He said one entity should not be able to give a tax break that would affect another.

Senator Hirsch said that major expansion would result in an influx of people and that the school district would not want to give a tax break in that instance.

Senator Brown responded that state aid to schools would help, even though it is not commensurate with expenses. The local people are elected to handle that, he said.

MOTION: Senator Brown moved that HB 26 be amended per Exhibit 3.

Mr. Shontz said that amendment 4 did clarify the bill and he had no objection to that. Historically, he said, no one operates in a vacuum. He said the school districts would be able to impact the other units of government. He said that he was uncomfortable with the expansion of taxing authority into school districts.

Senator Brown said the bill already separates the county from the city and by the same logic, he wanted the school district separated as well.

Senator Halligan noted that the city and county are general purpose governments and that the school district is not. Senator Lybeck agreed saying that the logic of extension would affect many other groups as well.

Question was called. Senators Brown, Mazurek and Towe voted yes on the amendments; Senators Halligan, Severson, Neuman, McCallum, Hirsch, Lybeck, and Goodover voted no. The motion failed.

The committee agreed that some amendment was necessary to clarify the problems in the bill. The committee discussed the necessary amendments which appear in the Standing Committee Report attached here.

MOTION: Senator Halligan moved that the amendments as reflected in the Standing Committee Report be made to HB 26. The motion carried unanimously.

MOTION: Senator Brown moved that HB 26 be concurred in as amended. Senators Neuman and Severson voted no; Senators Goodover, Halligan, Brown, Lybeck, McCallum, Hirsch, Mazurek and Towe voted yes; the motion carried. Senator Towe said that Senator Tveit would carry the bill on the Senate floor.

CONSIDERATION OF HB 101: Mr. Lear, committee staff, said that the definition of quadricycle would need to be clarified. After discussion and confusion about how to do that, Senator Severson said that if the bill were going to pass it should include three classes of motorcycles at different fees. He said it was a poorly drafted bill, being way too high at the bottom end and way too low at the top end. He said in its present form, the bill would have to be killed.

Senator Hirsch said the bill shouldn't be killed when some motorcycles have to pay more tax than four-wheel drive pick up trucks.

Vice Chairman Mazurek, in the chair, said the bill would be assigned to subcommittee for amendment purposes. He appointed Senator Halligan, chairman; Senators Hirsch and Severson to the subcommittee on HB 101.

Vice Chairman Mazurek adjourned the meeting at 9:40 am.

Chairman

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date March 19, 1985 8:04am

Location -- Room 413-415

Name	Present	Absent	Excused
Senator Brown			✓
Senator Eck			✓
Senator Goodover	✓		
Senator Hager	✓		
Senator Halligan			✓
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum	✓		
Senator Neuman	✓		
Senator Severson	✓		
Senator Towe	✓		

Amend HB 26, third reading copy, as follows:

1. Page 1, lines 22 and 23.
Following: "applied" on line 22
Strike: "ONLY AS PROVIDED IN SUBSECTION (3) AND ARE LIMITED"

2. Page 2, line 7.
Strike: "receive"
Insert: "confer"

3. Page 2, line 8.
Strike: "a"
Insert: "the affected"
Strike: "or"
Insert: ", the boards of trustees of the affected high school district and elementary school district, and, if the construction will occur within an"

4. Page 2, line 9.
Following: "town"
Insert: ", the governing body of such incorporated city or town"
Strike: "have approved"
Insert: "approve"
Strike: "SEPARATE"

5. Page 2, line 10.
Following: "EACH"
Insert: "remodeling, reconstruction, or expansion"

6. Page 2, line 11.
Strike: "for their respective jurisdiction"

7. Page 2, lines 12 through 17.
Following: "(3)" on line 12
Strike: through "MAY" on line 17

8. Page 2, line 18.
Following: "(1)"
Insert: "does not"

Exhibit 3 -- HB 26
March 19, 1985

STANDING COMMITTEE REPORT

March 19, 19 85

MR. PRESIDENT

We, your committee on Taxation

having had under consideration House Bill No. 26

third reading copy (blue color)

(Senator Tveit)

ALLOWING PROPERTY TAX BENEFITS FOR RECONSTRUCTION OR EXPANSION OF BUILDINGS.

Respectfully report as follows: That House Bill No. 26

be amended as follows:

1. Page 2, line 7.
Following: "to"
Strike: "receive"
Insert: "confer"

2. Page 2, line 8.
Following: "of"
Strike: "a"
Insert: "the affected"

3. Page 2, line 9.
Following: line 8
Insert: ", if the construction will occur within an"
Following: "town"
Insert: ", the governing body of such incorporated city or town"
Following: "must"
Strike: "have approved"
Insert: "approve"
Following: "by"
Strike: "SEPARATE"

4. Page 2, line 10.
Following: "EACH"
Insert: "remodeling, reconstruction, or expansion"

5. Page 2, line 11.
Following: "(1)"
Strike: "for their respective jurisdiction"

[redacted]

[redacted]

continued

Senate Chairman.

March 19, 19 85

6. Page 2, line 16.
Following: line 15
Insert: "local"
Following: "BENEFIT"
Strike: "OVER WHICH THE"

7. Page 2, line 17.
Following: line 16
Strike: "GOVERNING BODY HAS SOLE DISCRETION"

8. Page 2, line 18.
Following: "TO"
Insert: "statewide"
Following: "LEVIES"
Strike: "OR"

9. Page 2, line 19.
Following: line 18
Strike: "ASSESSMENTS REQUIRED UNDER STATE LAW"

AND AS AMENDED
BE CONCURRED IN

Senator Thomas E. Towe, Chairman

HOUSE BILL NO. 26

INTRODUCED BY SWITZER

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT PERMITTING LOCAL GOVERNING BODIES TO GRANT TAX BENEFITS FOR THE RECONSTRUCTION OR EXPANSION OF EXISTING BUILDINGS OR STRUCTURES; AMENDING SECTION 15-24-1501, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-24-1501, MCA, is amended to read:

"15-24-1501. Remodeling, reconstruction, or expansion of buildings or structures -- assessment provisions -- LEVY LIMITATIONS. (1) Remodeling, reconstruction, or expansion of existing buildings or structures, WHICH INCREASES THEIR TAXABLE VALUE BY AT LEAST 2 1/2% AS DETERMINED BY THE DEPARTMENT OF REVENUE OR ITS AGENTS, may receive tax benefits during the construction period ~~AS--DEFINED--IN 15-24-1304~~ and for the following 5 years in accordance with SUBSECTIONS (2) AND (3) AND the following schedule. The percentages shall be applied ONLY AS PROVIDED IN SUBSECTION (3) AND ARE LIMITED to ~~any~~ THE increase in taxable value caused by ~~the~~ remodeling, reconstruction, or expansion:

Construction period	0%
First year following construction	20%
Second year following construction	40%
Third year following construction	60%
Fourth year following construction	80%
Fifth year following construction	100%
Following years	100%

(2) In order to ~~receive~~ CONFER the tax benefits described in subsection (1), the governing body of ~~a~~ THE AFFECTED county or, IF THE CONSTRUCTION WILL OCCUR WITHIN AN incorporated city or town, THE GOVERNING BODY OF SUCH INCORPORATED CITY OR TOWN must ~~have approved~~ APPROVE by ~~SEPARATE~~ resolution FOR EACH REMODELING, RECONSTRUCTION, OR EXPANSION PROJECT the use of the schedule provided for in subsection (1) ~~for their respective jurisdiction~~.

(3) THE TAX BENEFIT DESCRIBED IN SUBSECTION (1) APPLIES ONLY TO THE NUMBER OF MILLS LEVIED AND ASSESSED FOR HIGH SCHOOL DISTRICT AND ELEMENTARY SCHOOL DISTRICT PURPOSES AND TO THE NUMBER OF MILLS LEVIED AND ASSESSED BY THE LOCAL GOVERNING BODY APPROVING THE BENEFIT ~~OVER--WHICH--THE GOVERNING BODY HAS SOLE--DISCRETION~~. IN NO CASE MAY THE BENEFIT DESCRIBED IN SUBSECTION (1) APPLY TO STATEWIDE LEVIES ~~OR ASSESSMENTS REQUIRED UNDER STATE LAW~~."

NEW SECTION. Section 2. Extension of authority. Any existing authority of the department of revenue to make rules on the subject of the provisions of this act is

extended to the provisions of this act.

-End-